(Washington, DC)— The House Financial Services Committee today passed an amendment to the Consumer Financial Protection Agency (CFPA) Act authored by Congresswoman Gwen Moore (D-Wisc.) that would alter the bill's proposed regulation of credit, mortgage and title insurers. The CFPA Act is intended to regulate credit and lending products, in order to protect consumers from predatory practices of lenders. However, a section of the underlying bill goes beyond that purpose to also give the proposed Consumer Financial Protection Agency new authority to regulate three types of insurers – credit, mortgage and title insurers – while leaving out all other lines of insurance.

"The mission of the new Consumer Financial Protection Agency is not to become involved in the ongoing regulation of the insurance industry; it was created to make sure that lending laws offer strong protection to consumers from lenders and providers of credit," Congresswoman Moore said.

The amendment would keep the CFPA from gaining new authority to regulate the credit, mortgage and title insurers themselves. These three types of insurance are primarily sold by the insurers to lenders, who then sell the insurance to consumers. Instead, under the Moore amendment, the CFPA would still have the authority, under its power over lender and credit providers, to stop any unsavory insurance product moving from lenders to consumers.

And, as it currently stands, insurers are already regulated by their state insurance commissioners.

"This amendment is smart policy," Congresswoman Moore said. "Insurers are already regulated at the state level by state insurance commissioners. If the bill were allowed to grant additional federal authority to the CFPA to regulate the same insurers, the result could lead to two layers of competing regulations.

"We simply do not need to institute duplicative policies. Furthermore, this bill is not intended to regulate insurers – it is meant to protect consumers in their relationships with lenders and credit providers. The Moore amendment does nothing to interfere with the ability of the CFPA to regulate the relationship between lenders and consumers, including insurance products that lenders offer to them. If there is a predatory product moving from lender to consumer, the CFPA would be able to insert itself in that relationship and stop it from continuing."

Because the underlying CFPA bill does not give the CFPA the authority to regulate credit insurance rates, the Moore amendment would have no impact on credit insurance rate setting.

Video of Congresswoman Moore speaking about her amendment at today's House Financial Services Hearing is available here: http://www.youtube.com/watch?v=PHU6Xdd27pA

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